

The
Management
REVIEW



JANUARY, 1942

COMMENT • DIGEST • REVIEW

THE AMERICAN MANAGEMENT ASSOCIATION

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WHY do suggestion systems so frequently bog down? What underlies industry's failure to tap fully one of the richest potential sources of managerial ideas—the man on the job? This question is of more than academic interest now that every man-hour saved on the production line helps turn the tide in favor of the democracies.

According to a study abstracted in this issue (*Maintaining Interest in Suggestion Systems*), much of the employee disinterest in suggestion plans is due to mistakes made by management when the systems were first installed. Indeed, an investigation of the programs of 70 companies lays the chief blame for failure of over half the plans on faulty handling by management. Here, as in the case of other personnel policies, a poor job of "merchandising" the policy to the workers may mean the difference between success and failure.

What to do about it? A double-barreled remedy is proposed by the author: education of executives and employees, and joint participation of management and workers in formulating the plan. But after the program is established there remains the far more difficult task of *maintaining* rank-and-file interest. For concrete suggestions on the latter problem, see page 13.

ON the outermost fringes of industry, in management's Never-Never Land, one sometimes stumbles on companies that have gone "all out" in their solicitude for the workingman. The Scientific Oil Compounding Co., Chicago, is a case in point. Here is a veritable labor Utopia where no worker has ever been fired, salaries have never been cut, and strikes occur only at ball games. Breakfast and lunch are "on the company." Workers get extra checks on very hot or cold days. When the concern lands a big order, the men are given a half-day off with a \$5 bill and sent to a ball game; the girls, like as not, go on a shopping spree at the company's expense.

Whether all such policies constitute sound management is a moot question—but the company makes money despite them. See page 2 for examples of other firms that have found generosity profitable.

THE MANAGEMENT INDEX

General Management

Business Gets a Soul

BUSINESS has developed a soul since the depression. The mass suffering undergone then made business men stop and think. Management saw before its gates millions of unemployed, and management's own lowered morale made it sympathetic.

Industrial statesmen realized that good public relations should begin with their own public—employees, stockholders and community. Management became more conscious of the human side of business. It was about time.

Here are some instances of companies which went beyond the requirements of good business or good personnel practice and took that extra, imaginative, generous step which is a sign of having a soul:

Fifteen temporary salesmen were hired by the Nebraska Power Co. for a special campaign, which they were told would last only three months. When the three months were up the work duly came to an end. If this had happened in an ordinary company the 15 salesmen would have come to a dead-end also; each would have gone his

obscure, anxious way to face weeks, even months, of looking for a job. But this Nebraska company was not an ordinary company; it felt grateful to those salesmen and responsible for their future. It paid for announcements on the local radio stations; for a quarter-page advertisement in the *Omaha World Herald*. Within a week, every one of the men had a job.

Through a foundation created by the chairman, Frank Phillips, the Phillips Petroleum Co., of Bartlesville, Okla., meets its obligation to society by giving scholarships to the children of employees. The fund was started two years ago. The first year three girls and six boys were awarded \$400 apiece toward the expenses of a college education—provided they maintained high personal and scholastic standards. Last year, all but one of these scholarships were continued, and nine new ones were awarded.

Sears, Roebuck & Co. acts on the belief "that no firm has a moral right to harvest profits from a community and not plough some of those profits back into it." Under its "Cow-Hog-Hen"

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program, pure-bred stock is given to farm boys and girls in 382 counties of 11 southern states to induce diversification among one-crop farmers. Each of the 2,240 boys or girls now participating is pledged to turn over one member of the first brood to the country farm agent for further distribution according to a "chain-litter" plan.

Two years ago Sears, Roebuck inaugurated a new program. In the old days, Sears' management reasoned, nearly every town boasted some business man who had made his fortune there and left the town a hospital, a library, a park. But this sort of giving is less and less frequent and may disappear altogether. Should not the chain store develop a sense of civic responsibility and assume the burden?

A number of cities were selected for community projects—cities in which Sears had prospered, for under no circumstances were the gifts to be used to ballyhoo feeble stores. So far Sears has quietly built and wholly paid for community houses, recreation centers, or children's camps in eight American cities. And the Sears publicity director has no part in the proceedings at any time.

Here are other examples, on a less ambitious scale, of American businesses' growing concern for the community:

A Connecticut water company submitted plans for a water tank to residents whose view it might have marred. The property owners selected a camouflage resembling a Greek temple.

Today tankers operated by oil companies are imitating luxury liners.

Staterooms for the men on tankers of the Standard Oil Co. of California are fitted with a wide berth, thick mattresses, two armchairs, a desk, a locker, and a fan. The Ashland Oil & Refining Co. provides tiled bathrooms for its crews. On tankers of The Texas Company every man has a room to himself, each room has its own radio outlet, and each berth an individual bedlight for reading.

A sleepy truck driver is a menace. Yet where can America's long-haul drivers find a cheap, clean and comfortable place to spend the night? Unique is the truckmen's dormitory which Standard Oil of Pennsylvania included in its Midway service station on Pennsylvania's new super-speedway. Here the truck driver will find a night's lodging for 50 cents; also shower baths, a laundry, a radio, a smoking lounge, and a day-and-night counter lunchroom operated exclusively for truckmen.

Most of these instances of business getting a "soul" happened in big companies. But the bulk of American wage earners are employed in small ones. To one of these small companies, the Scientific Oil Compounding Co. of Chicago, and its founder, Otto Eisenschiml, should go a prize for imaginative thoughtfulness toward employees.

It's a \$3,000,000 business with 48 employees. For the office force, the work day starts at 8:37 with a free breakfast. Lunch is also on the company. Mealtime is education time; office problems are worked out and people get complaints off their chests.

No worker has ever quit in anger or gone out on strike.

Applications for jobs are many, but each applicant who is granted an interview is given a dollar for his carfare and time as "token compensation." "To treat job-seekers as outcasts, or to make them fill out impertinent questionnaires, can bring about discontent and social unrest," says Mr. Eisenschiml.

Until government regulations led to the creation of a trust fund, part of the profits of the business were paid into a special "payroll reserve." During the depression the company, by paying out all the \$35,000 in this fund, was able to avoid both layoffs and wage cuts. In fact, Otto Eisenschiml has never cut a salary or laid a worker off.

There is also another fund called the "happiness fund." It is used to help employees who are ill; it has furnished

the money to send one of the girls to California to regain her health, another to Europe to regain her spirits. One day a car owned jointly by some of the workers was stolen; the fund provided a new car of the same make and vintage.

Plant workers are remembered with extra checks on very hot or cold days "just to show them we are aware of their hardships," says Eisenschiml. "If we land a large order, we celebrate. The men get a half-day off with a \$5 bill in their pockets for a baseball game. The girls may be sent for a shopping trip at the company's expense.

But the company makes money. In time, more and more companies will learn that getting a soul and making money are not incompatible. By H. W. VON MORPURGO. *Barron's*, December 3, 1941, p. 20:1.

Collective Bargaining Survey

A SURVEY which has been carried on for the past two years by a special research staff of The Twentieth Century Fund shows that union status varies throughout American industry largely according to the length of time collective bargaining has been practiced in each industry. Union status takes one or more of the following forms, and it is important to keep the distinctions between these forms clearly in mind:

Closed shop: Only union members can be hired, and workers must remain union members to retain employment.

Union shop: Non-members may be hired, but to retain employment must become union members after a certain period.

Preferential shop: Union members are given preference in hiring or layoff, or both.

Maintenance-of-membership shop: No one is forced to join union, but all present or future members must remain in good standing as a condition of employment.

Exclusive bargaining shop: The union is recognized as the exclusive bargaining agent for all employees, whether union members or not.

Bargaining for members only: The union is recognized as the bargaining agent only for its own members.

In ten of the largest out of some 50

industries covered by The Twentieth Century Fund's collective bargaining survey, about 34 per cent, or more than a third, of the employees work in closed or union shops. According to the latest comparable figures, these ten industries employ nearly 6,000,000 workers (almost one-sixth of all wage earners in the country). Some 4,000,000 are union members, who comprise about 40 per cent of the total union membership in the United States. None of these industries is completely *closed shop*, but this status is dominant in printing (245,000 employees; 140,000 union members); clothing (368,000 employees; 329,000 union members). It is common in boots and shoes (220,000 employees; 80,000 union members) and construction (almost 2,000,000 employees, and over 1,000,000 union members).

The union shop prevails in the coal-mining industry. Of the 540,000 employed in the mines, 90 per cent work under union-shop agreements, including about one-half of the workers in captive mines, some of which are owned by steel companies.

Exclusive bargaining rights prevail in the five remaining big industries which are covered by the survey—automobiles, rubber, electrical manufacturing, iron and steel, and railroads. It may be observed that closed and union shops prevail in industries where unionism has been long accepted, such as printing, building construction and coal mining. Railways, another veteran among unionized industry, is however, the outstanding exception. In recent years the trend has been to sub-

stitute the exclusive bargaining shop for initial agreements calling for bargaining for members only—and once this step has been gained to press for preferential, union and closed shops.

Most unions seek closed, union or preferential shops, chiefly to strengthen the organization, prevent discrimination, aid in enforcement of standards, and gain greater control over their membership. They hold that since all employees share benefits won by collective bargaining, all should contribute. They also hold that closed shops make unions more responsible bargaining agents, eliminate friction between union and non-union employees, and protect both employers and recognized unions against rival unions.

Employers opposed to closed and union shops maintain that their choice of workers is limited and that they are required to discharge those who have resigned or have been expelled from unions, yet whose work has been satisfactory. They further claim that some of their workers do not wish to join unions; and that since employers are forbidden by law to prevent their workers from joining unions, they should not be forced to compel workers to do so. Some employers hold that closed shops are in effect monopolies, whereas they themselves are forbidden by antitrust laws to engage in monopolistic practices.

An analysis of the attitude of government shows that federal statutes both uphold and outlaw the closed shop. The National Labor Relations Act (the Wagner Act) specifically al-

lows agreements with closed- or union-shop clauses. The Railway Labor Act disallows the closed shop by forbidding the carriers to compel their employees to join unions. One state, Minnesota, forbids the closed shop. State courts have both upheld and out-

lawed strikes for the closed shop: Strikes for this purpose have been upheld by court decisions in 14 states and have been declared illegal in courts of ten states.

From a release of The Twentieth Century Fund, November 17, 1941.

Trends in Clerical Compensation

IT is no news that salaries are advancing. The question is: How much? And how general is the trend?

To answer these questions a survey was conducted among 127 companies in many lines of business. Included in the list were many concerns which are in no way participating in defense work except insofar as defense dollars eventually find their way into all channels of business.

Fifty-one per cent of the companies have given white-collar employees blanket raises; 62, or 49 per cent of the group, report no general raise, but 50 of these state they have given individual increases. Only 12 companies, or about 10 per cent, report no raises at all. Two of the companies which reported general raises also gave raises to individual employees; one company has given two general raises as well as individual raises. One company inaugurated a profit-sharing plan, while three report plans to give bonuses in lieu of raises.

One interesting phase of the investigation was the effect on clerical and other white-collar salaries when unions force a raise for factory workers. Of the 104 companies which had factory employees, 31.7 per cent said it was necessary to advance clerical employees at the time factory employees received wage increases. Twenty-five per cent did not think raising office salaries *necessary*, but found it *desirable*.

More than one-third of the companies do not feel it necessary to advance white-collar salaries because a raise has been awarded to factory workers. But one executive expressed himself rather forcibly when he said: "While salaries in industrial organizations in this city (Waterbury, Conn.) have gone up, the increases here have not been proportionate to wage increases. Possibly corporate management is exploiting one of its last bulwarks against an unfriendly public attitude through its neglect of the white-collar group."

—*American Business* 9/41

Safe at Home

A NUMBER of companies are promoting safety for employees at home as well as in the factory and office. (There were 5,000,000 home accidents last year.) Youngstown Sheet & Tube, for example, is stimulating carefulness by conducting an essay contest on home safety, with a movie star twist. The winning employee (prize: fire extinguisher) will be sound-filmed in color at home with his (or her) family, and this movie of safe living will be featured at many group meetings. Another company promoting home safety is Pacific Telephone & Telegraph, whose house organ in its latest issue not only gives an editorial warning but lends a real helping hand "just in case" by enclosing a sheet of first-aid instruction with a gummed back surface for attaching to the medicine chest door at home.

—*Forbes* 12/15/41

Office Management

How to Cut Correspondence Costs

AS defense production and military service reduce the available supply of correspondents and typists, many firms are casting about for means of reducing the volume of correspondence work. Others must cut correspondence costs because curtailed production has necessitated reduced mailing budgets, and still others because the demands of government bureaus require increased correspondence.

In response to inquiries from all parts of the country, The Dartnell Corporation conducted a survey to determine what representative companies are doing to reduce the cost of letter-writing. A number of pertinent suggestions were received.

Several companies have devised time-saving forms for the use of their correspondents. Among the most effective of these forms is one employed by Investors Syndicate, Minneapolis. It consists of a half-sheet on which one or more of a number of printed sentences may be checked: "Send duplicate pass book—original reported lost"; "audit and return enclosed pass book to this office"; "forward check covering loan"; etc. A. E. Sanzenbach, assistant treasurer, reports: "The use of this form saves many hundreds of letters a week in this organization."

An idea particularly adaptable in lines where products are of a somewhat technical description is offered

by the Oxford Filing Supply Co., Brooklyn, N. Y.:

"As this is a somewhat technical line, we find that a great many customers ask the same questions. Therefore we have prepared a series of what we call 'Informa-Sheets,' and each of our correspondents has been given a supply. The result is that many letters formerly quite long now consist of a few short paragraphs with reference to an Informa-Sheet which is enclosed with the letter. Also, the technical information is presented in a clearer manner than would be possible if each of our correspondents attempted to tell the story on his own."

Several concerns in various lines report using systems of correspondence supervision similar to that known as the "paragraph system." Under this system, a member of the field organization to whom a number of letters have been regularly sent every day receives instead one long letter in which each paragraph deals with a complete subject. The heading is put on the letter in the morning, and during the day the communication may grow to three or four pages covering 15 or 20 different subjects. This is not only a time-saver but also a stationery-saver.

Other suggestions for cutting down correspondence costs include:

"We are now in the process of revising all our form letters, particularly

those that were two and three pages long, and cutting them down to one page. For dictated letters, we use the Meilicke File System for approved paragraphs and have just recently revised this entire file, making the paragraphs shorter and more to the point in an effort to reduce stenographers' and typists' time."

"Last spring we started a letter clinic for all the people in our office responsible for correspondence. We have also revised our follow-up system, preparing as many semi-form letters as possible to obviate a large amount of dictation."

"In many cases we are using a 1-cent postcard instead of a letter."

"Most of the increase in our corre-

spondence in recent weeks is due to the number of inquiries from dealers about shipments. In order to reduce this as much as possible, we have arranged our forms so that when invoices are sent to the dealer a great deal of duplicate information from our records goes with it. This makes it unnecessary for him to make inquiries."

Another step toward better correspondence is the appointment of a correspondence supervisor. More and more companies, both large and small, are finding the appointment of such an official to be one of the most effective ways of cutting the cost of letters and improving their quality.

From a report of The Dartnell Corporation, Chicago, 1941. 13 pp.

Equipping the New Office

THE man who has no difficulty keeping out of a rut these days is the office manager. Conditions in some offices actually approach those of a boom town; overcrowding is a common problem, and "no place to put anything" a common complaint.

Even a well-knit organization may break down under the pressure unless facilities are expanded. And expanding office space or furnishing new offices offers an opportunity to put fresh ideas into effect and to obtain new and improved equipment. But furnishing an office means considerably more than merely ordering a number of desks, chairs and filing cabinets.

The first step is to draw up a floor

plan of the available space (a scale of one inch to the foot should be more than ample) and mark the positions of windows, doors, partitions, radiators, electrical outlets, etc. Flat pieces of cardboard—roughly cut to scale—can represent furnishings, and a tentative arrangement of equipment can be made by pinning them in position.

This simple plan is helpful in checking lighting, heating and ventilation, and equipment can be placed with due consideration of these essentials. The width of aisle spaces, the positions of the telephones, the wall plugs and switchboards can be plotted. Central filing facilities can be charted, storage of supplies and records arranged, and

special requirements provided for. Thus a job of seemingly endless detail becomes a matter of straightforward planning, and considerable saving is possible because complete information about available space is on hand before actual purchases are made.

Even a small office—the private office of an executive, for example—must be carefully planned; in fact, the man faced with the responsibility of furnishing a private office often finds that it is a problem of considerably more difficulty than first appears. If asked to name offhand everything that might be required for a private office, one might easily omit quite a number of essentials.

The following list of office supplies and accessories may be helpful during this time of continuous expansion. Some of the items may be regarded as “business luxuries,” but each article contributes to comfort and efficiency—to the ability to get work done. This list, while perhaps best suited to an

office to be occupied by an office manager, could with a few changes be used in the furnishing of any private executive office.

Furniture: desk; side table; telephone table; bookcase; tilter chair; side chair (for visitors); hat tree or wardrobe; wastebasket; rug; floor mat (protects rug underneath chair); two- or three-drawer filing cabinet.

Accessories: desk lamp; linoleum desk pad or blotter pad; rocker blotter; paper knife; calendar; fountain pen desk set; telephone index; desk tray; ashtray; portfolio or work classifier.

Supplies: A-Z guides; letter- or legal-size (foolscap) folders for filing in deep desk drawer; 3" by 5" or 5" by 8" memo paper; sundries, such as paper fasteners, rubber bands, clips, pins; erasers for pen and pencil; scissors; stapling machine; paste or mucilage; adhesive mending tape; ruler; band dating stamp and numbering stamp.

To this list might be added a visible card record book for personnel or similar records, ring books for private records, card index file, and any special equipment required by the executive's job.

Business Management, October, 1941, p. 18:3.

Employees Form “Axis Sinking Fund”

EMployees of Fleetwings, Inc., have formed an “Axis Sinking Fund,” a permanent plan for voluntary contributions every time the United States forces destroy Axis military equipment.

The plan is divided into three sections. Under the first section members pledge to give one cent for each Axis airplane destroyed in the air by American forces and one cent for each five Axis planes destroyed on the ground. Under the second section, members pledge contributions for sinkings of Axis ships as well. Payments range from a cent for the sinking of an assault boat to 50 cents for battleships, battle cruisers, aircraft carriers and seaplane tenders. Under the third plan, members give in accordance with Plan 2 and also contribute \$1 for each battleship, battle cruiser, aircraft carrier or seaplane tender sunk when more than one ship of this type is sunk in any one week.

Proceeds from the “Axis Sinking Fund” will be sent to the Treasury Department as money accumulates. Contributions will be based on official United States communiqués.

—*The Wall Street Journal* 12/30/41

How to Cut Mimeograph Paper Costs 35%

WHEN a job of stencil duplicating must be printed on both sides of the sheet, the practical minimum weight is usually a 28-pound paper if show-through is to be avoided. A water-soluble ink is now available which so reduces the show-through that completely satisfactory two-sided work can be turned out on a 20-pound paper. The result is a 35 per cent reduction in mimeograph paper costs.

This ink, being water-soluble and without an oil base, dries by oxidation rather than penetration. Not only can you do good double-sided work on 20-pound paper, but on particular one-sided work where obvious penetration of the oil ink is considered unattractive and must be avoided, you can use lighter papers than were heretofore needed for the same effect.

The fact that water-soluble ink permits the use of practically any type of sheet, regardless of finish and sizing, is worth consideration. This should allow more efficient use of the odds and ends of paper that can always be found around any large paper user's plant or office.

Another factor which is small in the individual case but large in the aggregate is a result of increased durability. For example, the salesman's price list (usually subject to rough handling) needs replacement less often if run in water-soluble ink. The reason for this is twofold: (1) water-soluble ink won't smudge, doesn't get messy as fast; (2) water-soluble ink permits the use of a harder, tougher stock.

One precaution must be taken with the use of water-soluble ink, however. This ink is practical only when the duplicator containing it is used at least once a day.

—*Paper Products* 10/41

Transcription Department Increases Production

SUBSTITUTION of continuous-form letterheads and electric typewriters for regular letterheads and manual typewriters has increased office production 33 per cent, the Standard Register Company, Dayton, Ohio, reports.

This company uses continuous-form letterheads of its own manufacture in Electromatic Typewriters in its central transcription department. The continuous-form packs are prepared as letterhead and two second sheets, with carbons interleaved. All three copies are punched with small holes, half-inch spaced in a vertical line near right- and left-hand edges of the sheets; spur wheels to accommodate these punchings are built into the machines.

The number of copies required varies, but to simplify the procedure it has been determined that three, four and six copies will cover all cases. While the continuous forms provide for only the original and two carbons, extra copies may be obtained by the insertion of extra punched second sheets supplied with carbon interleaved.

Copy work that must be typed on other stationery is handled by special typists. By keeping the preparation of legal papers, collection form letters, statements, invoices, etc., in separate hands, the operating cost of the centralized transcription department is lowered.

Envelopes for outgoing mail are not addressed by the transcription department. The letters are sent to the mailing department, where they are folded and placed in window envelopes for forwarding.

—*Business Ideas for Increasing Profits* (Prentice-Hall, Inc.) 11/1/41

Personnel

Personnel Expansion in Defense Industry

EMPLOYMENT and training programs, which for years have been relegated to an insignificant place in the operations of most companies, have suddenly been recognized as most important elements in industry. Now top management will have to be convinced of the increasing difficulty of securing competent personnel and made to realize that a good employment program costs money; everyone concerned must become accustomed to long-range forecasting of personnel needs; and the line organization must be persuaded to accept the kind of personnel that is available.

Following are the major sources of personnel for rapidly expanding enterprises:

Line of Applicants Outside the Plant. The biggest value of the "line" today is as a source of green material for unskilled jobs or for training in semi-skilled work. Nevertheless, periodically during the day, interviewers should be sent out to comb the line for persons of exceptional skill; experienced people are becoming too independent to wait long for the privilege of filing an application.

Letters of Application. For many years letters of application were not often used as a source of personnel. Today, however, employers are glad to negotiate with a likely prospect at any distance.

Friends and Acquaintances of Em-

ployees. Friends of employees are a small but steady source of new material. Employees may be provided with forms on which to recommend applicants, and the employment department should always notify the employee of the results of any interview he has arranged.

Schools and Colleges. Pre-employment training classes have served industry well, but a new situation is developing which may affect the entire program. When competition for jobs was greater there was an ample supply of young men willing to spend their own time in training. Now industry is facing the prospect of paying wages to students in full-time pre-employment training. An alternative is to employ untrained applicants, place them on simple jobs, and give them part-time training. The supply of college graduates this year, particularly in engineering, will not begin to meet national demand, but mechanics may be upgraded into engineering through the help of supplementary instruction, while trained engineers who have drifted into other fields can be brought back with the aid of refresher courses.

Other Companies. Uncontrolled pirating will be curtailed either by restraints industry will impose on itself or by government action. Non-essential industries, however, will probably have to give up a certain proportion of their personnel.

Advertising and Publicity. Advertising for personnel in the vicinities of plants will undoubtedly continue for some time, but the practice of advertising in areas far afield will come under rigid government control unless industry places restrictions on itself.

Employment Services. Potentially the best sources of personnel are the state employment offices affiliated with the United States Employment Service. The public offices will even administer psychological and trade tests and send the employer a highly selected group of applicants with test results, interviewers' comments, and applications written on the company's own forms.

Selection

Closely connected with the problem of recruiting is the problem of selection. Nearly every company has certain standards of selection, but these standards vary greatly, and different companies stress different qualifications.

At a time when skill and experience are so scarce, one sometimes wonders if undue emphasis is not being placed on these characteristics. The first requirement of a good employee is that he have a well-balanced temperament and be able to work harmoniously with others. For this reason the Lockheed Aircraft Corporation and the Vega Airplane Company, Burbank, Calif. (with which the writer is connected), make use of a well-known temperament test. While a test of this kind is not infallible, it can be a helpful tool in selection.

Moreover, Lockheed-Vega is inclined

to consider aptitude of greater importance than skill. An enthusiastic, healthy-minded young man with aptitude can be readily trained for most factory operations. For mechanical work, aptitude is measured by the Ziegler Adaptation of the Minnesota Manipulation Test and the Johnson O'Connor Wiggly Blocks.

Intelligence tests are given to all likely applicants also. If an applicant is already proficient in his work, little attention is paid to the results; if he is a beginner, an intelligence level of 85 or 90 at least is required—the average in the factories is about 106.

In the Lockheed-Vega selection procedure, the first point of contact with an applicant takes place at the preliminary interview entrance. The applicant is given a brief application card to fill out before he is assigned to a preliminary interviewer, who is a specialist in a certain range of shop, engineering or office occupations.

The interviewer codes the application for one or more occupations, furnishes the applicant with a more complete questionnaire, and assigns him to a series of tests. Test results, complete questionnaires, and preliminary interviewers' comments are referred to a group of selectors who never see the applicants personally. Their job is to select from the files and from current applications the most likely candidates for existing vacancies. The final interview comes next.

After the final interview, there is the physical examination. Although physical requirements are rigid, only 2 per

cent of the applicants are eliminated by the examination; in fact, most serious disabilities have shown up previously as danger signs on the temperament test.

Following the physical examination, applicants are fingerprinted and photographed to establish positive identity. Documentary proof of citizenship is also required. The prints are sent to the Federal Bureau of Investigation, and further checks are made through

former employers and through a national investigation service.

This rather elaborate procedure might appear somewhat cumbersome, but it has been Lockheed-Vega's experience that every step is necessary. The number of applicants who get by all but one of the steps is surprising. BY R. RANDALL IRWIN. *Addresses on Industrial Relations: 1941*, Bulletin No. 13, Bureau of Industrial Relations, University of Michigan, p. 21:13.

Maintaining Interest in Suggestion Systems

WE are doing business in an age in which the swift march of events makes the methods and plans of yesterday inadequate today and obsolete tomorrow; the institution which hopes to hold its place in the struggle for existence must expose itself to new ideas and to new applications of old ideas. One of the many sources to which the business man may turn for ideas is the man on the job.

In the August, 1931, issue of *Industrial Relations* there appeared an analysis of the suggestion systems in operation at 70 plants. This article contained the statement that the failure of suggestion systems in more than 50 per cent of the companies investigated was due mainly to the way in which suggestions were handled by the management. Perhaps it may not be amiss to suggest that much of the lack of interest on the part of the employees goes back to the mistakes which were made when the system was first installed.

Certainly the formal executive order announcing the institution of a suggestion system should be accompanied by notices on the bulletin boards, by articles and editorials in plant papers, and by the use of appropriate posters. Some firms have placed inserts in the pay envelope, and others have prepared special pamphlets and booklets to announce the plan. Four companies sent letters describing the plan to the homes of their employees, and in one of these letters an appeal "which proved rather effective" was also made to the family of the employee. All these media should make clear what the plan is designed to do, what kind of suggestions are desired, how the suggestions are to be made, what benefits are to be derived by those participating, and how the system is to be administered.

If the company is small, it is advisable to hold department or plant meetings. In larger concerns it may be necessary to confine employee cooper-

ation to representation on the committee appointed to formulate the plan. This committee should be aided in every possible way by management: Trips may be arranged for study of successful plans in other concerns; all available literature on the subject should be placed at the committee's disposal.

Before the plan is announced or, better still, before any decision has been made concerning the adoption of a suggestion system, the company should set out to win the active cooperation of its executives. This may be done by individual conferences or by foremen's or supervisors' meetings. If a foremen's or supervisors' course is being given, it is possible to have the plan formulated by the class. When this is done it is advisable that the plan be approved by the management, and later by a committee of both employees and management, including a foreman representative.

There remains to be considered the job of maintaining employee interest after the plan has been introduced. If there is any truth in the statement that "people are more willing to support and defend those things in which they have a pride of ownership," then it would seem that at least one employee should be placed on the committee which administers the plan.

Professor Z. Clark Dickinson in the University of Michigan study of suggestion systems* seems to be of the opinion that the following features will sustain interest among the employees:

* "Suggestions from Employees," Ann Arbor, Mich., 1927.

- (1) concealment of the suggester's name during the investigation to insure fair treatment;
- (2) investigation of suggestions by specialized staff members;
- (3) prompt handling of all cases; and
- (4) no restrictions as to eligibility of subject or person. As a substitute for restriction of eligibility he suggests different standards of acceptability for different classes of employees and supervisors.

But can we expect employees to suggest new ideas enthusiastically unless they are adequately rewarded? An analysis of the plans of 78 companies shows that two set the maximum award at \$2; 10 at \$5 or under; 14 at \$10 or under; 25 at \$25 or under; 38 at \$50 or under; and 57 at \$100 or under. Eight firms set \$500 as a maximum, and only one company set the maximum award as high as \$1,000. The investigation made by the University of Michigan disclosed that some 90 per cent of all suggestions were accorded the minimum award or little more, and that "cash awards commonly approximated 10 per cent of the estimated first year's saving attributable to the suggestion."

Many firms have introduced non-financial awards, a policy generally considered to be psychologically sound. These rewards may consist of gifts in the form of jewelry, pictures, company stocks, etc. They frequently take the form of public recognition.

Competition is also regarded as an effective means of maintaining interest. It may be encouraged by cash prizes over and above the standard award for the best three to five suggestions sub-

mitted during a given period, or group competition may be organized by departments.

Three firms have adopted the practice of periodically submitting current

problems to their employees. This practice would seem to have real possibilities. BY WALDO E. FISHER. "Philadelphia," November, 1941, p. 15:3.

Arbitration: Getting a Just Award

WHEN an employer is confronted for the first time with arbitration proceedings in a dispute over wages and hours, he often finds himself up against a union which has had previous experience. Consequently he is at a distinct disadvantage unless he prepares his case carefully beforehand.

In the first place, wage and hour negotiations today should always be conducted and planned with the thought that the case may ultimately have to go before an arbitrator. Great care should be exercised in offering concessions, and the nature and extent of any concessions offered should, if possible, be excluded from evidence in subsequent arbitration. If this material cannot be excluded, the employer should make sure that the arbitrator is given facts which will enable him to judge the extent to which the concessions will mean improvement over previous conditions.

The employer's brief in wage and hour cases should contain all possible relevant statistical material. He must never claim to be "unable to pay more" unless he is willing to substantiate his argument with financial records. The union can always get access, by

various means, to company records; and, if the employer presents no figures, it may place the facts before the arbitrator in such a way as to throw doubt on the sincerity of the employer. Costs of wage increases, of shorter hours, of holidays with pay, of sick benefits or leaves, etc., should be carefully calculated, and each item should be set out separately so that the arbitrator may realize exactly what each concession will cost the employer. In case after case arbitrators have limited wage increases but doubled the labor costs to the employer by awarding holidays, vacations or sick leaves.

The employer's brief, moreover, should be absolutely free from distortion; for if distortion is discovered by the union—and almost inevitably it will be—the facts will be placed before the arbitrator, and doubt will be thrown on the entire management presentation. On the other hand, every page and table in the union's brief should be carefully scrutinized for trickiness and sophistry.

When a union presents figures purporting to come from some official government source—or any other place—the employer should check the source. Rebuttal should point out pos-

sible false implications, and where necessary, should offset union contentions by sets of figures prepared by the employer's side. Where union data refers to wages or business conditions in areas or occupations not strictly comparable to the industry or company under arbitration, the arbitrator should be asked to disregard it. Statistical subterfuges—such as the use of “medians” instead of “averages”—and incorrect deductions from figures should be brought to the attention of the arbitrator.

The employer should check and double-check every statistical figure, point and argument and see that it is *directly* answered in rebuttal. Unions contend (though all arbitrators do not agree) that points made by one side and not answered by the other should be taken as true fact.

Finally, the employer should make sure that his presentation is such that

the arbitrator before whom the case is to be heard will be receptive to it. Arbitrators differ; one may be strictly judicial in his point of view, another may be an economist, a third a social theorist. In suiting his argument to the arbitrator, however, the employer should avoid all suspicion of chicanery by pointing out in his brief and evidence the real basis on which the case should be judged.

Arbitration is an excellent means of arriving at a fair decision in disputes not susceptible to agreement through mediation or negotiation. The arbitrator's decision is determined by the facts placed before him and nothing else. No employer, therefore, need fear arbitration if he is confident that he can present all the facts in an honest manner and answer all seemingly unfavorable material presented by the other side. BY CHARLES S. SLOCOMBE. *Personnel Journal*, October, 1941, p. 134:5.

Labor Productivity and Labor Costs, 1939-41

THE war abroad and the progressive intensification of the national defense program have had significant effects, some adverse and some favorable, on man-hour output. The sudden expansion of plant facilities has brought high-cost plants into use and has added relatively inexperienced workers to the labor force; the rapid shift in types of production and in modes of utilizing labor, materials and equipment has been attended by costly frictions and delays. The trend of labor productivity has been affected favorably by the larger volume of output and lower overhead per unit; the extension of improved methods and machinery; and by training programs which have rapidly augmented the skill of inexperienced workers.

Changes in man-hour output can best be analyzed when viewed in the light of related trends, such as that of unit labor cost. If the 1938-39 indexes of output per man-hour, unit labor cost, and prices in manufacturing are taken as 100.0, output per man-hour rose to 107.2 in 1939-40; wholesale prices (all commodities except farm products) rose to 102.3; and wages per unit of output dropped to 96.8. For 1940-41, the figures are 110.1 for output per man-hour; 102.3 for unit labor cost; and 107.0 for prices. Thus, in the year ended August, 1941, man-hour output was 10.1 per cent higher than in the year ended August, 1939, while unit labor cost was only 2.3 per cent higher.

—Monthly Labor Review 12/41

Operating a Company Cafeteria

INSTALLATION of a cafeteria to be operated by a business organization presents many problems similar to those encountered in organizing a new operating department. Space must be provided, adequate equipment supplied, a qualified manager and supporting personnel engaged, and general policies established.

When the American Home Products Corporation decided in 1936 to house several of its manufacturing and operating subsidiaries in one plant, the site chosen was in the industrial area of Jersey City. There were not enough satisfactory luncheon facilities near the plant, and the result was that the majority of the employees were carrying cold lunches to work and eating them in the building. This, of course, created a housekeeping problem. Moreover, the management believed that a cafeteria on company premises could offer a service that would repay the company in improved industrial relations.

The first consideration was to find quarters. As there was no appropriate space available in the building, the dining room was constructed on the roof, with elevator service from all departments. The roof location proved to have a number of distinct advantages: It is removed from the noise and atmosphere of the plant; it is light and sunny; and a roof-garden arrangement gives the workers a sense of release from their daily jobs. It also provides a convenient and pleas-

ant place for occasional meetings or parties.

Modern labor-saving equipment was installed, although it required a somewhat larger capital outlay than had at first been anticipated, because in the long run it saves money through lower labor costs. A trained home economist was put in charge.

The cafeteria manager has found that the "public" is very food-conscious; accordingly, dishes are planned for nutritive value as well as for visual appeal. The usual menu offers a standard dinner of meat, potatoes and other vegetables, with special salads, sandwiches, desserts, etc., sold *a la carte*. A popular innovation is the salad and sandwich counter where items are made to order at the request of the employee.

The cafeteria also offers a number of special services. There is catering for employees on special diets; luncheon parties may be planned; since the pastry is particularly popular, employees may place orders for the home folks. Whenever an employee has a birthday, a little cake is presented as a greeting from the company when he or she appears at lunch. Whenever overtime is necessary, the cafeteria serves an evening meal; while this adds to the labor cost, it is considered good business because the overtime worker who is refreshed with a good warm meal is much better able to work.

The management had intended that the dining room should be thoroughly

democratic, with no special provisions for executives—no distinctions of any kind, in fact. There is no private room and no reserved section; all counters and tables are open to all employees. However, the habits of the workers have resulted in the office employees using one side of the room and the factory employees the other. There is, of course, no distinction in service; the same food at the same price is served to all.

The original plan was to have the cafeteria carry the cost of food and labor, with the company absorbing all overhead expense for equipment, space, light, heat, etc. This intention, however, has never been fully achieved, and there is always a small operating deficit because the volume—approximately 500 meals a day at an average price of 26 cents a meal—is not heavy enough.

Despite all the careful planning, the reactions of the employees during the first few months the cafeteria was in operation were disappointing. They were critical of everything and had the

idea that management was trying to make a profit out of the arrangement.

The trouble was, it was found, that a service had been offered employees without any participation by the worker group. Accordingly, employees from factory and office were asked for advice, and eventually a cafeteria steering committee, with a representative from each department, was organized. This committee meets once a month on company time to establish and control the policies and practices under which the cafeteria operates.

The result of this simple experiment in employee participation has been amazing. Dissatisfaction has practically disappeared; the employees now enjoy the cafeteria and are patronizing it more generally. In addition, the adjustment of prices made by the committee has decreased the percentage of deficit, and the employees have accepted the price changes with understanding. BY RANDALL NAUMAN, *Executives Service Bulletin*, Metropolitan Life Insurance Company, December, 1941, p. 5:2.

AMA PERSONNEL CONFERENCE

The National Personnel Conference of the American Management Association will be held at the Hotel Stevens, Chicago, on Wednesday, Thursday and Friday, February 4-5-6.

Production Management

Air Raid Protection for Industry

ALTHOUGH the possibility of enemy air attack upon industrial plants may be remote, it is essential that protective organizations be developed. The general plan outlined here is designed to provide for the security of every employee and for the maintenance of production at the highest possible rate.

In devising protective measures, it must be recognized that the effect of a bomb is local and that damage is smaller where plants are decentralized. So far as is economically possible, therefore, operations should be conducted in many small plants and buildings. Similarly, each plant should be prepared to protect itself without outside assistance, although arrangements for exchange of information and mutual assistance should be made by plant managers and local governmental authorities.

The best protective organization for a plant consists of a plant defense coordinator and four heads of divisions, the divisions being fire, police, medical service and maintenance service. Within each division squads may be organized to render the service for which the division is responsible.

The coordinator is responsible for organizing a system of reports from each squad and from each key position so that he will know when his plant is manned and ready. Check-off lists should be on hand, and a distinctive

signal, such as a gong, arranged to indicate a gas attack. Since telephones may, in an emergency, be overloaded or out of order, arrangements must be made to maintain communications by means of runners or cyclists. And all transportation equipment should be under the control of the coordinator and allocated by him.

Fire Services: It is the plant fire chief's duty to see that all fire hazards are removed and that access to the roof is provided. He must make sure that there is an adequate water supply and that fire-fighting equipment is up-to-date. And he should arrange to have all the men assigned to the fire brigade taught the latest methods of fighting fires and dealing with incendiary bombs.

The fire posts should be conveniently situated but decentralized. Fire-watcher squads should be organized to watch for, locate and extinguish incendiary bombs; protected fire-watcher posts, with independent water supply, must occupy elevated positions and should cover especially buildings with high fire risks and those vital to production. Also needed is a main observation post, with such additional observation posts as may be necessary for observation of the entire area.

Also under the fire service will be the rescue squads of specialists—engineers, welders, shorers, etc.—equipped

and trained to rescue people from damaged buildings. Their duties may be extended to include emergency handling of the utility system.

Further, there must be a system of direct communication between fire-watcher posts, fire squads and the headquarters of the plant fire chief.

Police Services: Under the plant police chief there should be a senior air raid warden in charge of all wardens and spotters. The police chief also supervises all guards and watchmen and is charged with safeguarding the plant from subversive activities as well as from theft. He should control all traffic.

Medical Services: The plant medical services should be under the direction of a physician who is qualified to handle poison gas cases. Conveniently situated first-aid stations should be located throughout the plant area.

Maintenance Services: For the posi-

tion of maintenance service head an all-round engineer should be chosen, and his assistants should be the technicians who deal with plant utilities—electricity, steam, gas, water. Key men should be stationed at the various utility controls, such as telephone switchboards, gas, steam and water controls, and should remain there during air raids to handle emergencies. Repair crews must also be organized.

The latest type of high-explosive bomb has a large blast effect which causes damage to buildings within the blast area. Immediately after an attack, therefore, a survey of the plant must be made so that any dangerous walls or foundations can be shored. Damage, shoring and clearance squads must be organized and ready to do their work.

From *Protection of Industrial Plants and Public Buildings*. U. S. Office of Civilian Defense, August, 1941. 8 pp.

No Cost Control, No Profit

ESSENTIAL to real cost control in the plant is a comprehensive view of the whole pattern of manufacturing costs, plus a keen sense of relative values. But perspective and vision have to be correlated with penetration and vigilance. Studied analyses must be followed up by persistent and direct action. Every channel of waste must be blocked, all the loose ends of expenditures caught up.

Following are some tried and prac-

tical suggestions for controlling costs:

Production Control

1. Schedule production three days to a week in advance, and do so with full regard to customer requirements and to personnel, material and machine capacities.

2. Avoid hasty and unjustifiable schedule changes, yet keep your schedules flexible.

3. Check production on principal lines hourly, daily, weekly, monthly.

Broadcast performances on bulletin boards.

4. Record the cause and measure the cost of every production delay or interruption of schedules. Correct or eliminate the troubles, rather than simply fix the blame.

Labor Control

1. Cover all direct-labor operations with standards.

2. Budget indirect labor in each department, using either direct-labor ratios or money standards per unit of production.

3. Schedule workers departmentally for both operating and non-operating days.

4. Use daily, weekly and monthly productivity rating sheets on all direct labor, showing individual or group and department ratings.

5. Each day compare actual indirect hours for every department.

6. Do not permit the mixing of piecework and daywork in one day by any individual or group.

7. Watch piecework earnings carefully, eliminating shortage allowances as far as possible.

8. Record labor charges where they belong.

9. Cut out overtime completely.

Materials Control

1. Set up standards for raw-material formulas and quantities. Check daily for deviations of any sort.

2. Set up standard allowances for quality or scrap control. Post actual results every day, compare to bogeys, and display on bulletin boards.

3. Establish repair, reclaiming or welding allowances for finishing defective work. Compare allowances with results every day.

Expense Control

1. Regard no cost as fixed or sacred. From 30 to 50 per cent of "fixed cost" is generally subject to management control. Even rent, taxes, insurance can be reduced on occasion.

2. Budget and check your consumption of power, gas and water. All can be sharply reduced when systematically studied.

BY WALLY E. GEORGE. *Factory Management and Maintenance*, October, 1941, p. 61:4.

New Craftsmen at Bell Aircraft

IN the spring of 1940 Bell Aircraft Corporation faced the necessity of expanding its working force from 1,500 employees to more than 7,500 within a 12-month period. And there was no reservoir of craftsmen skilled

in the close-tolerance work of the aircraft industry.

Something had to be done, quickly and efficiently. Accordingly, a training program was instituted, designed to turn out semi-skilled workers in from

one to four weeks. No effort has been made to develop master mechanics at such a rate; the company is under no illusion about the amount of training which can be absorbed in so short a period.

Public vocational high schools, National Youth Administration training projects and, to a lesser extent, accredited privately owned schools provide the raw stock. Hundreds of young men may be hired weekly and, after a short period of intensive training for specific types of work, progress to the assembly lines and machine shops.

As soon as the recruits have passed their physical examinations, they are inducted with considerable ceremony into the Bell Aircraft family; the company has found emphasis on the welcome completely worth while. The industrial relations director, in his introductory talk, makes the recruits feel that they have become valued members of the Bell family; he explains the reasons for rules and regulations and emphasizes the fact that an expanding industry like aircraft offers great opportunities for advancement. Other talks are given by the head of the first-aid department, the safety engineer, and the director and assistant director of training. The last two speakers outline insurance and hospital benefit provisions and explain the functioning of the Federal Credit Union which is organized and operated by company employees.

Trainees often lack the minimum equipment kit with which to begin work. In such instances arrangements

are made for purchase-loans, amounting to about \$30, through the Credit Union.

Instructors are of two kinds, working and supervising; and instruction is divided into four broad classifications: machine shop, riveting, assembly and fabrication. Employees are given work for which they have shown the greatest aptitude, and individual preferences are considered whenever possible. First, the trainee is taught his job; then the need for accuracy is impressed upon him; and only after he has learned to do the work and to do it accurately is speed mentioned.

In the machine shop trainees work with experienced machinists. Emphasis is placed on the importance of mastering key points in machine-tool operation; the instructor concentrates on "knacks"—special motions, particular timing, or other tricks of the trade which will enable the operator to do his job quickly, safely and without wastage.

Trainees assigned to riveting learn how to buck rivets with bucking bars of various shapes; they become adept in upsetting rivets to produce a tight joint which will pass government inspection; they learn dimpling and countersinking; and they are taught how to spot an unsatisfactory rivet. Then they begin the simpler operations on the production line.

Training for the job of assemblyman at Bell Aircraft is designed to make the most of the skill the recruit has gained at vocational school. At the

factory he is put on production work and is constantly tutored in the technique of using all assembly tools correctly.

Trainees coming to Bell Aircraft after elementary instruction in fabrication work are first assigned to the work of burring plates and parts and thus learn the use of file and scraper. After a day or two at this work the recruit becomes a helper on the shear cutter and then is given instruction as a helper on the stack drill or router. As

soon as he has become proficient in this work, the trainee is given a machine to operate.

To become thoroughly competent in fabrication work, the trainee must also have experience on the hydro press and drop hammer and at the bench. Bench work includes re-forming such parts as have come off other machines not true to form; stretching and shrinking metal and removing kinks must be mastered. BY GEORGE B. FULLER. *American Machinist*, August 20, 1941, p. 797:3.



"Let's not tell him about using the bobbie pin."

—BARLOW in *The New Yorker* 12/6/41

Marketing Management

Manpower Problems Under Defense

MANUFACTURERS are bending every effort to keep their sales organizations intact despite the dislocations caused by the defense program. Hiring and training are going on—with some adjustments; management generally is looking forward to reinstating drafted salesmen and is making some effort to keep in touch with them while they are in service. Such are the trends indicated in reports from 21 representative companies (members of the National Society of Sales Training Executives), over half of which are now in a sellers' market.*

Nine companies will maintain their usual numbers in the field, and nine others (five of which are in a sellers' market) will *add* men; only one company expects layoffs in the immediate future. Hiring is going on among men between the ages of 25 to 45, with slight edge in favor of those between 30 and 35. Quite a number of concerns are hiring in the 40-45 bracket, and one company is taking on men up to 50. Fourteen of the 21 companies, however, are continuing to hire men of draft age—evidence that manpower programs are being conducted on a long-range basis. Indeed, almost all the companies are maintaining contact with men in the service, and three have already made definite plans for re-training returned draftees.

There has been very little change made in the frequency of territory coverage, or in the size of territories, although there is a tendency toward more selective selling—i.e., elimination of calls on unprofitable and marginal accounts. Basic methods of compensation do not show any widespread change either, but several companies are "discussing" adjustments.

The most important changes revealed by the survey were reported in answer to the question, "Are you changing the function of your sales force because of present conditions?" About half the firms had made no changes, but those operating in a sellers' market indicated some interesting developments.

One company states, "More emphasis on sales engineering in the field." Another tells of tightened supervision: Where the firm used to have one sales supervisor to 25 or 30 men, it now has one supervisor to 15 men. A mid-west manufacturer whose goods clear through retail channels says: "We are making our men do educational and sales promotion work with our outlets; in some cases men are requested to do actual sales work for these outlets to show retail salesmen how to improve their technique."

A specialty appliance company, heavily oversold, is asking salesmen to do more survey work and make market coverage studies, and to put in more intensive training work on their more

* This article was written before the United States became an active belligerent.—Ed.

important accounts. Intensification of dealer development work is the rule now in another case, with the company encouraging dealers to change their emphasis from unit volume to larger units and more profit per unit.

Sales training work is reflecting changes in the salesman's function. A firm making a high-priced specialty reports, "We are placing less emphasis on unit volume and more on unit profit; more emphasis on research." Another firm is now "placing less emphasis on products for larger industrial accounts, more stress on intensive

training of men handling retail lines. Expert demonstrations and knowledge of line being stressed."

Other comments include:

"Less emphasis on price merchandise, more on pushing de luxe models."

"Less emphasis on selling technique and more on engineering the product for the job. Also emphasizing business management of dealers."

"Less emphasis on price, more on quality."

Sales Management, October 10, 1941, p. 18:2.

Salesmen Take the Rails

NUMEROUS factors suggested that the present was an opportune time for an inquiry into the operation of salesmen's automobiles: the shortage of new models, the necessity of saving gasoline, the reorganization of sales forces and territories due to depletion of sales personnel, and the various problems created by a "sellers' market." Accordingly, a large number of sales managers, responsible for small, medium- and large-sized sales forces were asked to contribute to a symposium.

One of the readjustments in progress, the survey disclosed, is wider use of railroads and buses. One sales manager states: "When gas restrictions were ordered, we immediately advised our organization to use railroads when and where possible." A large oil company writes that its salesmen are "mak-

ing more use of railroads and bus systems"; and a motor manufacturing firm reports, "Railroads are being used and will be used to a greater degree." Several correspondents express their intention of having salesmen travel by rail during the winter, and one says: "We are having our salesmen leave their cars in the territory over weekends and come into headquarters by train." However, in many cases no change has been necessary because territories are small, salesmen strategically located, or mileage low.

While over 95 per cent of the replies stated that restrictions on gasoline had caused the salesmen no inconvenience, almost 100 per cent are providing instructions on gas saving. One sales manager has been "very specific in giving instructions, particularly in relation to the waste of high speed." In

a number of cases, however, the matter has been left to the "good sense" of the men themselves, and practically no general attempt to check up on savings is made.

Almost without exception the sales managers report that cars are regularly overhauled to give the most efficient service possible. Some firms which formerly checked after 5,000 miles now have the cars brought in for inspection every 1,000 miles. Even when the cars are owned outright by the salesmen, the company sees to it that adequate checkups are made.

Re-routing of trips to cut mileage is common. Schedules have been changed to lessen the number of calls, and what are described as "long-distance offshoots" have been cut off.

Thirty thousand miles is the average distance a car is expected to run before replacement, and—omitting the 5,000 mileage limit set by a car manufacturer—mileages run from 20,000 to 50,000. "With conditions as they are now, we plan to double the mileage of our cars, which is 50,000 miles, and turn them in every four years instead of every two," is one hopeful proposal.

In 45.8 per cent of the cases the cars are company-owned; in 37.5 per cent of the cases, salesman-owned; and in 16.7 per cent there is joint ownership. Of the companies with salesman-owned cars, 75 per cent give the salesman financial aid in purchasing an automobile. One reply says, "Salesmen are allowed to pay \$5 or \$10 weekly on deposit, and we pay them 5 per cent interest." Another explains that cars are purchased outright for salesmen,

who repay out of monthly salary.

In practically every case, "hard" and "easy" conditions—good and bad roads—are taken into consideration when making operating allowances. These allowances range from five cents a mile for "good" to seven cents a mile for "not so good" roads. One firm makes a flat allowance per month for city driving, with mileage allowance for traveling between cities; another allowance is based on yearly mileage. Salesmen for one firm turn in actual gas bills and the reading of the speedometer each week.

Checkups on mileage reports are made at intervals ranging from one week to a year—a month in most cases. In one case the company depends "absolutely on the salesman's honesty," and in another it is the rule that "excessive mileage must be explained."

Fifty-two per cent of the companies keep a record of operating costs. "An accurate check is made and tabulated against the salesman's cost of getting business" is one comment, and "Purchasing department keeps close tab on automobile costs for its own guidance," another.

A more detailed statement reads: "A careful record of each car's operating cost is kept, and we check gas and oil consumption, also operating cost per mile. This enables us to determine pretty well the mechanical condition of the car. It is also helpful in guiding salesmen who are not mechanically-minded to realize the precautions that must be taken to secure efficient, economical performance." *Marketing*, October 25, 1941, p. 2:1.

Sales in Winter

TO many householders winter means coal bills, frozen pipes, and fur coats, but to more than a dozen industries it means *big sales*. That's what Outdoor Advertising, Inc., found from its analysis of sales reports from many sources. More than a dozen retail sales fields have a larger average sales volume during December-January-February than during the rest of the year.

It's only to be expected that the fuel dealer looks on winter as his big season: fuel purchases average only 17 per cent for each of the other three seasons; 50 per cent for winter. Candy must be good fuel for the inner man, for candy purchases in winter are 38.7 per cent but only 20.4 per cent in spring, summer and fall. The jewelry trade also does 38.6 per cent of its sales volume in the cold months, followed closely by toilet goods and drugs (those colds!), 38.4 per cent. The long evenings at home step up the sales of radios and phonographs (36.3 per cent in winter). But here's an odd fact: The sales of sporting goods and cameras go up in winter, thanks perhaps to the growing popularity of winter sports. Men's apparel, household furnishings, and women's hosiery are other lines that share in the winter boom.

Some products show only a slight increase: Consumption of light is 27.6 per cent in winter, 24.1 per cent in the other three seasons; amusements, 27.2 per cent in winter, 24.3 in the other seasons; and groceries—well, apparently we eat our way through the year pretty consistently, for winter sales are 25.1 per cent, and in the other seasons sales are 24.9 per cent.

—Canadian Business 12/41

Priorities and the Sales Manager

SEVEN ways in which the sales manager can adjust his business to priorities were suggested by Frank Theringer, a field official of the Office of Production Management and a former sales manager, at a meeting of the Milwaukee Sales Managers Association recently. Mr. Theringer recommended the following steps:

1. Gathering reports, statements and other papers from customers, wherever required under priorities regulations.
2. Securing preference rating certificates from customers, where these are required.
3. Securing data and affidavits necessary to establish the defense status of an unrated order.
4. Securing data on the use to which product is to be put, to determine whether it qualifies under a civilian classification or use which is given preferential status.
5. Assigning one salesman as a special assistant on the sales staff to follow up all orders, to see that nothing is put through or filed away until all priorities requirements have been complied with.
6. Taking the initiative, if necessary, to encourage top management to include the sales department in its priorities and production conferences. The need of this seems obvious, yet under today's pressure many companies are overlooking it.
7. Carefully classifying all orders under A-1, A-3, A-8, etc., ratings, revising the order forms and salesmen's report forms, if necessary, so this information is included on them.

—Dartnell News Letter 12/6/41

Financial Management

Profitable Points to Watch for Tax Savings

THE normal income surtax and the excess profits tax combined now range from a low of 21 per cent to a possible 72 per cent. Attention to the process of reducing the levies is of growing importance, but the fact that the law permits corporations to figure their taxes in a number of different ways is sometimes forgotten. Painstaking attention to these options will often result in substantial economies.

Some points corporations should study are:

1. The excess profits tax is assessed against corporations but not against partnerships; it may, therefore, be advisable to convert some corporations into partnerships. A personal service company (broadly, one in which corporate income is primarily due to the personal services of active stockholders and where capital is not a material income-producing factor) may avoid the excess profits tax entirely by electing, in effect, to be taxed as a partnership. In this case each stockholder includes his share of the corporate profits in his personal income tax return as if it had actually been distributed to him.

2. Probably the most important choice to be made is the selection of the excess profits credit, that is, between the average earnings and the invested capital. The decision made when filing is irrevocable unless very

careful calculations under both methods appear on the return.

3. For an emergency facility purchased or constructed for national defense the necessary certificates may permit amortization of the cost over a period of 60 months instead of by the regular depreciation method.

4. The law allows the carry-over of unused excess profits credits for two years. Companies should be certain that the credit allowed each year will result in the greatest long-run saving, not just the greatest relief for the year.

5. Many corporations may effect considerable tax saving by using the abnormalities provisions. In many instances a company may elect to claim two or more kinds of relief to secure the highest possible excess profits tax credit and the lowest income for the current year.

6. Under certain circumstances it may be advisable for a corporation to acquire another company which had a large earnings basis in the years 1936-39.

7. Where feasible, corporations may be split into smaller units. Note, however, that split-ups of corporations by tax-free reorganizations cannot secure the lower brackets of excess profits taxes.

8. Affiliated companies may elect to file either consolidated or separate returns. When a consolidated return is filed, only one \$5,000 specific ex-

emption is permitted to the group and, according to the Treasury Regulations, once companies have elected to file a consolidated return, separate returns cannot be made years following.

9. Companies using the income credit based on average earnings during the base period have an opportunity to increase their credit in cases where the corporation has been growing and where earnings are larger in the last two base years.

10. Ways of increasing invested capital by current sales of stock or by possible paid-in capital contributions ought to be examined by company experts, particularly in the light of the new rules this year.

11. In many cases the excess profits tax can be reduced by correcting all kinds of inaccurate accounting, such as errors in the computation of income in previous years.

12. Companies which own tax-exempt obligations may elect to treat the interest received as taxable for the excess profits tax. If it is found more advantageous to consider the securities admissible assets, thereby raising the 8 per cent invested capital credit, the interest received must be reported as taxable income.

13. A company using the invested capital method may elect to defer the payment of dividends to the last possible day within the year in order to secure the minimum reduction of invested capital. Dividends paid during the year in excess of the year's profits reduce invested capital. Note that companies paying dividends during the first 60 days of 1942 will automatically reduce the amount of their invested capital for the full year of 1942—not for the usual prorated amount.

Dun's Review, October, 1941, p. 8:2.

Occupations and Credit Risks

A STUDY of occupational credit risks conducted by the Credit Management Division of the National Retail Dry Goods Association, the Associated Credit Bureaus of America, and the Bureau of Business Research of the University of Illinois proves that occupation is an important factor in pre-estimating the paying habits of credit applicants. Occupation, of course, is an obvious indication of the size and regularity of an applicant's income, but it also appears to show a definite correlation with sense of responsibility.

Business executives, it develops, are best credit risks, and the next best are Army officers, chain store managers, and skilled factory workers, in that order. The skilled factory workers outrank Civil Service employees, school teachers, doctors, policemen and lawyers, among others.

At the very bottom of the list are musicians, who are surpassed even by such poor credit risks as soldiers (enlisted men), bartenders, painters, and farm laborers.

—*Bulletin of the National Retail Dry Goods Association*

Insurance

The War Department Rating Plan

DEVELOPMENTS traceable to the national defense program are bound to have far-reaching and permanent effects on the casualty business, but none is likely to be more important in the long run than the introduction of the "War Department Rating Plan," now officially named "The Comprehensive Rating Plan."

Basically this plan, which has now been adopted by practically all departments of the Federal Government for application to compensation and liability insurance covering defense work performed under cost-plus-a-fixed-fee contracts, is a retrospective rating plan. In that respect it introduces no innovation in principles of rating, at least so far as compensation insurance is concerned. But it does introduce some marked innovations in other respects.

First of all, it combines under one retrospective rating agreement the compensation, general liability, and automobile liability coverages. Its mere application to the liability lines has focused attention on the desirability of making such an extension of the retrospective rating principle in the rate-regulated states where it has not yet been applied to liability coverages. It has also given new life to the possibility of introducing the compensation retrospective rating plan in states which have never given it their approval. But

most important is the interest aroused in applying this form of rating to all the compensation and liability coverages of the risk as a unit instead of to each as a separate transaction. Under equity and individual risk rating plans, carriers have been measuring the premium requirements of a risk in terms of all the lines insured and for all states combined. That they have been obliged to make the answer effective through rate modifications in the non-regulated states alone is due to lack of an effective instrument in the regulated states. Therefore, this feature of The Comprehensive Rating Plan may well point to a possible means of solving this problem for the business as a whole through the medium of an established and uniform rating procedure.

Second, this plan contains no provision for surcharges and is the compulsory and sole basis for insuring these cost-plus-a-fixed-fee risks. The movement to modify existing plans to eliminate surcharges and permit their adoption for universal application has been given added impetus by the example thus set.

Third, the provisions for administration and audit expenses in this plan can be justified only on the ground that these expenses decrease percentage-wise as risks increase in premium size. Contractors and operators of government plants on a cost-plus-a-fixed-fee

basis will look for similar consideration on their private work either now or later when the national emergency is over. So will others working on the basis of competitive bids.

Fourth, the acquisition feature of the plan involves two principles: one, the gradation of commission by size of risk; the other, the separation of company and producer. The former, like the company-expense feature, will be recognized generally as sound in principle and will become effective on a moderate and reasonable scale whenever and wherever company expense gradation is recognized in the rate structure. The separation of company and producer, however, is not a feature that would be considered seriously for general application. It would be no more attractive to the purchaser and would seriously upset the fine working arrangements between

companies and producers which underlie the American Agency System.

In summary, the good features of the plan which may be adopted by the general business are: (1) over-all application; (2) elimination of surcharge; (3) graded company expenses; (4) graded acquisition. It is admitted that the plan's complete elimination of any source of profit and its minimum margins of expense allowances make it acceptable to companies and agents only as an emergency measure. With suitable allowances in these directions and with restoration of the agent to a direct relationship with his company, application of the principles of the plan to all business would appear to represent a progressive step in the direction of sound and logical risk rating. *The Eastern Underwriter*, December 12, 1941, p. 56:2.

What About Patent Insurance?

PRACTICALLY all business men are concerned with patents in one way or another. Producers and those who use or deal in machinery, office accessories, chemical processes, containers, novelties, furniture, clothes, hardware, etc., may be subject at any time to patent litigation.

Many business men operate under claims of patents which have been issued to them by the government, or as licensees under patents owned by others. In neither case are they protected from suit for alleged infringe-

ment brought by owners of patents issued previously—the validity of a patent is not guaranteed by the government. Furthermore, a large number of products are manufactured under no patents whatsoever.

In the case of the manufacturer who operates without benefit of patents, unless patents on his products and processes have expired, he and his customers can be made defendants in a suit alleging infringement by the owners of an existing patent or patents. This is a

situation which arises not infrequently in this era of keen competition.

The law states that the manufacturer, seller or user of a product or process which infringes valid claims of unexpired United States patents can be held responsible for damages done to the plaintiff by reason thereof. Thus, the distributor of a product or process and the retailer are as vulnerable to infringement suits as the manufacturer.

Infringement suits are often instituted directly against the retailer rather than the manufacturer, sometimes for the express purpose of curtailing sales. Such suits serve notice on other retailers that they, likewise, may be sued, and so they stop buying the article rather than run the risk of patent litigation.

Even so-called "nuisance suits" with little substance behind them serve to curtail the sales of the defendant while litigation is pending. The defendant may be successful in defending the suit, but the loss of time and money, added to the curtailment of his sales volume, sometimes leads to the loss of the business itself.

For the purpose of reducing such risks to a minimum, Patent Protection Corporation, New York City, has developed patent-infringement insurance coverages. Two types of policies are available: One covers legal expenses

and damages resulting from a suit against the assured for claimed infringement of any existing United States letters patent; the other requires the assured to pay the cost of defending the infringement suit but covers any damages awarded. These policies are issued either to cover one specifically named party or to cover all parties subject to an infringement suit—manufacturer, distributor, sales organizations, licensees, customers and users.

The basis on which these coverages are issued is a written opinion from competent patent counsel that the product or process covered by the policy is not an infringement of any valid claims of United States letters patent or patents. This opinion is considered by the company in the light of its experience in analogous cases, and investigation is made of the competitive angle to appraise the possibilities of litigation, justifiable or not.

Policies may also be issued when patent counsel is strongly of the opinion that, although there may be infringement, the claims of the patent infringed are invalid because of anticipation, prior use, or any of the causes on which the courts rely in holding a patent invalid. BY F. L. ANDREWS. *The Casualty & Surety Journal*, November, 1941, p. 49:4.

► GROUP LIFE INSURANCE in the United States reached an all-time high by the end of 1941. With an increase of approximately \$2,500,000,000 for the year, the total of such insurance in force is now \$18,500,000,000, almost double the 1929 volume. This sizable volume of protection covers 32,800 firms and 12,500,000 employees.

—The Eastern Underwriter 1/9/42

The Management Question Box

Questions and Answers on Management Practice Based on the Inquiries Received by the AMA Research and Information Bureau.

Individual replies are made promptly either by mail or telephone to inquiries received by the Research and Information Bureau. This service is available to executives of concerns holding company memberships. The questions cited here are those which it is believed are of general interest to the membership.

Changes in Benefits for Draftees

Question: Now that the country is at war and military service has been extended indefinitely, are companies that have been carrying group insurance for drafted employees continuing to do so? And are most firms still promising reemployment to men who leave to enter military service?

Answer: Companies which undertook to carry group insurance for employees absent on military or naval service are finding it necessary to reconsider their policies since the outbreak of war. Insurance rates are higher, and if the insured should go into actual combat they would be prohibitive. Moreover, some insurance companies are refusing to carry those on military service under the group plan; they believe that such risks are properly the province of government insurance.

Anticipating the possibility of an indefinite extension of military service, many firms arranged last summer to transfer employees called into service from group life insurance to National Service Life Insurance. Now a great many more are making this change, in most cases by canceling the draftee's group insurance and paying the premium for an equal amount of National Service Life Insurance. Of 16 leading companies whose military service policies revised since December 8, 1941, are on file with AMA, ten have made this change. The National Service Life Insurance premium is paid for one year in most cases, although one firm undertakes to keep up the premiums "during military service," and several others state that they will consider the matter of paying the premium for a longer period at the end of the year. One company will continue payment of premiums after the year is up "from month to month on company option."

The other six companies are discontinuing group insurance and urging their men to take out National Service Life Insurance. The men are informed as they leave of the reasons why it is necessary to cancel their group insur-

ance and of the benefits of National Service Life Insurance; if they are already in the Army, a letter containing this information is sent to them.

The December 20 amendment of the Selective Service Act extended by 120 days (from that date) the period during which men in the Army may secure National Service Life Insurance without medical examination. In addition, if the applicant can pass a physical examination, the possibility of obtaining this insurance is indefinitely extended. This enables companies to transfer men who have been in the Army for some time from group life insurance to National Service Life Insurance.

With respect to the second question, the December 20 amendment makes no change in Section 8 of the Selective Service Act, which provided that absence on military or naval duty should be considered leave of absence and that restoration to position without loss of seniority should follow discharge from the service "unless the employer's circumstances have so changed as to make it impossible or unreasonable."

Relatively few concerns have as yet published revised policies on military service, and AMA will provide summaries later when more reports are received. One trend, however, is noticeable: Companies which formerly did not grant those who enlisted voluntarily the same privileges as draftees are extending benefits to the former group. This is a very natural accompaniment of the country's change from a defense to a war status.

Union Notices on Company Bulletin Boards

Question: Is it good policy to permit unions to use the company bulletin board?

Answer: In general, it is good practice to allow unions with employee membership to use the bulletin board. Unions encounter difficulties in keeping in touch with their members, especially in large plants, and there is no economical substitute for the plant bulletin board. A special part of the board may be designated for the use of the union; if the board is of the panel type, kept under lock and key, one panel might be set aside for union use. In fact, a well-known bulletin board service company reports that a number of its customers assign a special section of the board to the union. Also, a recent report on collective bargaining contracts by the Bureau of National Affairs, Inc., notes that a number of contracts contain a clause permitting this form of union activity on company property.

According to the Bureau of National Affairs, agreements which provide for union use of bulletin boards are of two kinds. One group imposes no restrictions on such use, and the other group defines and limits the uses. A few clauses require that union authorities approve notices before they are posted; more often management's approval is necessary. In some cases

notices and minutes of meetings may be posted without being submitted for approval.

Some contract clauses define the type of notices permitted. Propaganda, political matter, inflammatory literature, controversial material, anything reflecting on the company, any of its employees, or any labor organization in the plant is prohibited. One clause limits the notices to those concerned with official business of the union; another forbids the union to post notices intended for the general public.

Where the approval of notices by the union is required, it is to be secured from the shop committee in some cases, from the union secretary in others, and in still others from the "chairman of the workmen's committee." Management approval is obtained from the industrial relations department in some companies, in others from the plant or department superintendent.

Absences for Civic Defense Duties

Question: Will companies make pay allowances to employees performing voluntary civic defense duties, such as serving in the home guard, acting as air raid wardens, etc.?

Answer: Absence for civic defense duty has evidently not as yet become a serious problem, but it presents certain special difficulties to those responsible for formulating policies. Civic defense duties so far have not required leave for a definite period; the question is rather whether or not employees should be paid for scattered days or half-days of absence. Moreover, there is no indication as yet of the probable extent of such absences in the future. In addition, it should prove feasible in many cases for the defense officials to schedule the assignments of air raid wardens, etc., so that unemployed volunteers will be on duty during working hours.

The general attitude of companies engaged in defense work probably will be similar to that adopted by the two defense firms quoted below:

With regard to the absence of employees on civilian defense, we have taken the stand that, inasmuch as 94 per cent of the products manufactured by this company is for defense purposes, the work of our employees is just as essential as civilian defense work and that, therefore, they should not be excused for such duty. Consequently, we shall not pay them if they are absent on civilian defense duty.

All employees should feel it their patriotic duty to assist in volunteer civilian and home defense activities wherever practical and feasible. It is unnecessary to point out the vital part the production, manufacture and distribution of petroleum products play in the conduct of the war. The activities of this company and of its employees will necessarily be affected. Care should be exercised by employees not to obligate themselves to carry on civilian war activities which might interfere with duties which may arise during a defense emergency within the company, for doing so would prevent maximum benefit to the government of the company's contribution to the war effort. To this end these matters should be discussed with the employee's supervisor before any commitments which might prove disadvantageous are made.

Another company partially engaged in defense work includes the fol-

lowing in its statements of policy on military service of employees:

Until we have clearer knowledge of how the home guard will operate, this policy does not cover such voluntary emergency service. Any person (salaried or hourly-paid) leaving employment for guard duty shall be released from the payroll and placed back on the payroll when he is reemployed.

Another concern doing some defense work is considering making an allowance for time lost, the amount not to exceed that allowed to those entering the armed forces. In this case the allowance is four weeks' full pay for those with a year's service with the company, and two weeks' pay for those with six months' service.

A consumer-goods company which is also doing important work on government contracts has had a very generous policy toward its drafted men and at present is paying for absence on civilian defense duty up to 30 days. But this is a temporary policy subject to change later.

A public utility company reports that it may make an allowance up to half a month's pay to those absent on reserve militia duty, but as yet it has not experienced such absences.

A manufacturer in the building materials field states:

To cover service in the state guard, we are continuing in effect the following notice which we had established before the date of the Selective Service Act: "Any employee who is a member of any military or naval organization of the United States Government or of any state government and who presents a proper order from a military or naval authority calling him to camp or other active duty shall be granted a leave of absence. Not more than 21 days in any calendar year shall be with pay. He shall be paid the difference between his regular normal wages and the amount he receives from the federal or state governments for those 21 days. Such leave shall be in addition to any regular vacation to which the employee may be entitled."

This, of course, does not cover individuals who are in various civilian defense activities—air raid wardens, home guard members, etc.—and as yet we have no written policy for such individuals.

Several companies report that payment for absences on civilian defense duties has thus far been made to salaried workers but not to hourly workers, although no definite policy has as yet been set. Other firms state that they are trying to maintain a flexible policy and are deciding each case on its merits.

Exams for Tuberculosis

WHEN Warner & Swasey Company, Cleveland, offered more than 3,200 employees an opportunity to have a free fluoroscopic examination, nearly 95 per cent accepted the invitation to check up on their state of health. The examination was given under the supervision of the Cleveland Anti-Tuberculosis League, using portable fluoroscopic equipment mounted in a special truck outfitted for the purpose by the League. Only three-tenths of 1 per cent of the men examined were found to have any questionable lung difficulty. These men, because of the early detection of trouble, stand a good chance of complete and satisfactory recovery.

—*Factory Management and Maintenance* 1/42

Guide for Subcontractors

1. In soliciting subcontracts, pay special attention to nearby prime contractors. The Office of Production Management has a monthly list of large prime contractors which is segregated by Federal Reserve districts.
2. As far as possible, solicit defense work that can be done on present equipment. New machines are scarce, deliveries uncertain.
3. Sell prime contractor on your willingness to do things his way. Some prime contractors never engage a subcontractor who is "too set in his ways."
4. Apply for work that is within your customary range of accuracy. If a closer-than-usual tolerance is required, acquaint the prime contractor with this fact and secure his help.
5. In soliciting work, give the prime contractor full information on your equipment, regular products, degree of skill, and management methods.
6. Bid only on work that you can do efficiently.
7. Base your estimates on sound cost principles, or else secure cost and time-study data from the prime contractor.
8. Be careful to keep your promised delivery dates.
9. Observe tolerances and other specifications carefully. Inspections are especially exacting in war work.
10. Utilize consulting services in subcontract department of your prime contractor. They will reduce costs, minimize rejections, and lead to permanent improvements in your management methods.

—Aviation

Guide for Prime Contractors

1. Schedule amount, types of your subcontracting as far in future as possible.
2. In surveys of potential plants, secure complete information on size of building, type of machines, kind of product made, skill of personnel, output, expansion possibilities.
3. Provide your subcontractors with as much help as though they were new departments of your own company.
4. Don't hold back any manufacturing secrets. Provide complete blueprints, job sheets and cost sheets.
5. Set fair price, preferably cost-plus basis on early orders. Admit to yourself there's always considerable scrap on early orders.
6. Lend or help secure for your subcontractor, if necessary, any tools or new equipment he may need.
7. Give supervisory help freely. Send in methods engineers and shop men who have the "know how" on product to be made.
8. Keep complete machine charts on work done and work on order. Watch for bottlenecks in methods, materials.
9. Help your subcontractor with training, personnel problems if needed.
10. Follow through on every production detail.
11. Subcontracting is long, tough job. Don't be over-optimistic as to early results.

—Aviation

Survey of Books for Executives

My Life in Industrial Relations: Fifty Years in the Growth of a Profession. By Clarence J. Hicks. Harper & Brothers, New York, 1941. 180 pages. \$2.50.

In 173 easy-going pages, the Dean of American Industrial Relations has condensed virtually a lifetime of experience into a delightfully personal narrative. Out of his experiences, which ranged from a village in Wisconsin to the former capital of Russia, and from chore boy to executive assistant of one of the country's great corporations, have come a basic philosophy and a set of convictions regarding human relationships between employers and employees which are sorely needed in these times of rapid change and international conflict. Revealed in this narrative is an individual who personifies courage, intellectual integrity and perseverance in addition to those qualifications which he sets forth to those who aspire to the post of industrial relations executive. In the opinion of this reviewer, these peculiarly personal qualities are emphatically revealed in that chapter of the book dealing with the evolution of labor relations, in which is found an objective analysis of the issues involved in the closed shop, and a strong case for employee representation.

It is particularly gratifying that Mr. Hicks has seen fit to take his readers behind the scenes of the long and arduous task of giving specific expression to his convictions regarding the professional status of industrial relations work through the establishment of industrial relations sections in several of our universities and technical institutions. This development represents his own very distinguished contribution and deserves a high place in the annals of industrial relations when viewed even from the international horizon. If anything other than this development had been necessary to convince the skeptic of the professional standing of this work, it has been provided by the irrefutable logic of the chapter entitled "The Industrial Relations Executive."

There is one fairly important section of the book regarding which it seems not inappropriate to comment. The temptation is particularly strong because of the dogmatic way in which the effort is made to dispose of a potentially controversial phase of personnel organization. In outlining the functions of the industrial relations executive the author says, "The task . . . remains and always will remain a staff function." This conclusion stands in sharp contrast to that of an internationally known specialist in manage-

ment who has said, "Functional specialists are not staff officers." Furthermore, later on in this section, the author refers to the art of dealing with wage earners as a qualification of the industrial relations officer, which action would seem to be inconsistent with the staff function.

These basic differences in concept may be resolved by further evolution, and whatever course it takes those who carry on the crusade will find inspiration in the life and philosophy of the author, whose abiding faith is so well expressed in this quotation from his book:

"As in no other part of the world, it is in America that this friendly solution of the problem of industrial relations offers greatest hope."

Reviewed by Thomas G. Spates, Director of Industrial Relations, General Foods Corporation.

Collective Bargaining Contracts.

Bureau of National Affairs, Inc., Washington, D. C., 1941. 740 pages. \$7.50.

This book meets the need of negotiators engaged in collective bargaining for guidance in the technique and in the psychology of negotiating and in the phraseology of the provisions which are commonly included in labor agreements. It accomplishes these objectives in a practical and interesting manner—by presenting in Part I concrete advice frankly given by experienced and successful negotiators on both sides of the conference table, and by including in

Part II almost 2,000 clauses taken from current agreements, classified under 54 different heads, with numerous cross-references.

The book, therefore, is both a textbook on collective bargaining and a valuable collection of contract clauses which are the result of trial and error and of careful thinking by a large number of practical negotiators.

Those who are now or in the future may be engaged in this interesting but difficult and dangerous procedure will find the book of value both as a means of education and as a thesaurus of labor agreement phraseology.

Part I, "Techniques in Collective Bargaining," contains many suggestions, of a surprisingly frank character, concerning negotiations, union procedure and problems, the economic settings of problems confronting both employers and unions, the forces dominating the actions of both parties, appraisal of what is a good or bad bargain, and methods for making agreements work satisfactorily.

The articles included are by practical men who understand what they are talking about, and they contain specific suggestions rather than the mere generalities which constitute so large a part of some books on the same subject.

The theme running through these articles is this: Give the other fellow that which is his, but be sure that you get that which is yours. "If today you needlessly give away your necktie, tomorrow some one will ask you for your shirt." Take into account the probable

consequences of the agreements you make or are asked to make.

Part II, "The Contract Clause Finder," is designed to acquaint the reader with what other employers and unions have done about the demands and counter-demands which are the warp and woof of collective bargaining. It is a treasure house of the results of the experience of many competent experts concerning how best to word clauses so that they will accomplish certain specific purposes. These quotations, and the comments about them, not only can serve as models of phraseology of what you may want to include in a contract but also as practical alternatives to suggested proposals.

Part III contains the complete text of some 13 representative collective

bargaining contracts, selected from a wide variety of industries and occupations, and includes both A. F. of L. and C.I.O. models. Many of the contracts are with large and well-known companies, such as Ford, duPont and Carnegie Illinois Steel Corporation.

This book, in the opinion of the reviewer, is a unique and most valuable addition to the literature on labor relations and collective bargaining and can be of practical value to anyone engaged or interested in collective bargaining. It may prevent some costly mistakes, and it may help to increase the number—now very inadequate—of competent negotiators.

Reviewed by Ralph A. Lind, Labor Relations Adviser, Stevenson, Jordan & Harrison, Inc., New York.

Briefer Book Notes

THE WORLD CONVENTION DATES MANUAL ON CONVENTIONS AND MEETINGS. By G. K. Dahl. Hendrickson Publishing Co., Inc., New York, 1941. 60 pages. \$2.00. A pocket-sized guide which includes practical, detailed information on every phase of convention management—planning, promotion, operation and follow-up—from "Selecting the Convention City" to "Helping Next Year's Chairman." Sections deal with such subjects as "Selecting Topics and Securing Speakers," "Arrangements with the Headquarters Hotel," "Financing the Convention," "Elements of Parliamentary Procedure," and "Handling Publicity at Conventions." Indispensable for companies or trade associations which are planning conventions.

MONEY AND BANKING. By Frederick A. Bradford. Longmans, Green and Co., New York, 1941. 845 pages. \$3.75. A revised edition of a standard text, which contains new material and illustrations, revised charts and diagrams. Sections treat of the nature and development of money and banking, the commercial banking process, Federal Reserve policy and practice, the value of money, monetary and banking problems, and non-commercial banking. References for collateral reading are cited.

OUTWORN BUSINESS IDOLS. By W. H. Conant. Barron's Publishing Company, Inc., New York, 1941. 125 pages. \$1.50. Informal criticisms of some of the "sacred cows" of business organization, with suggestions for doing something about them. Stilted letters, useless conferences, too much high-pressure salesmanship, and red tape are among Mr. Conant's active dislikes. Originally published serially in *Barron's*, the financial weekly.